

Minutes of the Board of Trustees

City Of Cincinnati

Retirement System

August 2, 2007

The Chairperson noted that there was a quorum and called the meeting to order at 2:00 p.m. Ms. Johnson proceeded with the roll call for which the following members answered present.

Joe Gray, Secretary
David Rager, Vice Chairman (proxy for City Manager Dohoney)
John Cranley, Council member
Donald Beets
Michael Rachford
V. Daniel Radford
Brian Pickering

Jason Barron (proxy for Mayor Mallory) arrived at 2:20pm

Member/s Absent

Margaret Allen, Civil Service Representative
Marijane Klug, Chairperson (family emergency)
Michael Fehn (until 11/1/07 - medical reasons)

Staff present: Keith Giles, Supervisor of Pension Plans, John Walsh, Investment Officer, Linda Johnson, Board Recorder

The meeting was moved to Council Chambers to accommodate the retired members present at the meeting.

Mr. Rager called for a motion to approve the minutes of the June 7, 2007 Board Meeting. Mr. Beets stated that his motion regarding the costs for the retirement incentive was inaccurate, and called for a correction of his motion. Mr. Rager called for a correction to the minutes for Mr. Beets' motion. At the request of the Vice Chairman, it was the Board's decision to hold the minutes pending the correction of Mr. Beets' motion until the next meeting,

BENEFITS COMMITTEE

Mr. Rachford reported that the Benefits Committee met on Thursday July 27, 2007 in Committee Room B. Mr Rachford presented the following report to the Board:

1. Application for Ordinary Retirement - July 2007 Total - 2

NO.	NAME	DEPARTMENT
32860	Mary Knueven	University Hospital
43847	Drue Johnson	University of Cincinnati
45433	Connie Hall	University of Cincinnati
51492	Leah Jones	Health
60075	Carol Clark	RCC

2. Application for Ordinary Retirement August 2007 Total - 2

NO.	NAME	DEPARTMENT
29777	James Kamp	Transportation & Engineering
51673	William O'Kain	RCC

3. Application for Deferred Retirement - Total - 1

NO.	NAME	DEPARTMENT
52028	Bari Jackson	Health

4. Application for Ordinary Disability Retirement: Total - 1

NO.	NAME	DEPARTMENT
48352	Judy Wells	Police

5. Application for Ordinary Retired Deaths for June 2007: Total - 13

6. Application for Ordinary Retired Deaths for July 2007: Total - 10

Mr. Rachford moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Pickering and carried by the Board.

SECRETARY'S REPORT

Mr. Gray reported that as of June 30, 2007, the asset level of the fund was \$2.72 billion, a year-to-date increase of 3.85%. The asset allocation of the investment portfolio as of June 30, 2007 was as follows:

Current Asset Allocation:	<u>Target</u>	<u>Actual</u>
• Domestic Equity:	43.5 %	53.5 %
• International Equity:	17.0 %	18.0 %
• Fixed Income:	17.0 %	26.7 %
• Private Equity:	5.0 %	0.9 %
• Real Estate:	7.5 %	0.0 %
• Infrastructure:	5.0 %	0.0 %
• Long/Short Equity:	5.0 %	0.0 %
• Treasury Cash:	<u>0.0 %</u>	<u>0.9 %</u>
	100.0 %	100.0%

Mr. Gray also submitted the following report:

1. Resolution for Enrollment of New Members – Total: 213
2. Resolution for Return of Contribution & Deaths of Pensioned Members
Total: 42 – Amount: \$180,560.47
3. Resolution for Loans to Members – Total: 43 Amount: \$393,711.57
4. Resolution for Deaths of Pensioned Members – Total: 6
5. Resolution of Military Service Credit Prior to Membership – Total: 2

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
John Dietz – Reimb. for Notary fee	\$5.00
Cheryl Volk – Reimb. for Notary fee	\$5.00
City of Cinti Accounts & Audits – Charges for 1 st & 2 nd Qtr. Health Insurance	\$35,774.59
Mercer Human Resource Consulting – Professional Services Rendered	\$35,765.00
Ohio Deferred Comp. – Overpayment of Prior Service Purchase	\$780.74
Communications Technology Services – Billing for Apr-May-June 2007	\$1,618.00
City of Cinti. – Accounts & Audits – Cinsy Billing for May 2007	\$8,330.24
Lee Personnel Inc. – Temporary Personnel Services	\$1,439.82
Osterman Cron – Office Installation & Accessories supplies	\$9,161.26
Carol Griffith – Reimb. for Notary fee	\$5.00
City of Cinti. Finance Dept. – For services performed by the Finance Director for 2007	\$10,000.00
Business Information Solutions Inc. – Storage of CRS files	\$78.72
The Cincinnati Enquirer – Renewal payment for daily newspaper	\$15.74
ABS Business Products, Inc. – Monthly Rental Billing for copier	\$418.50
Marquette Associates – Investment Consulting fees	\$52,500.00
Lee Personnel Inc. – Temporary Personnel Services	\$909.36
Donald Beets – Reimb. for Conference Expenses at CAPPP training	\$1,601.34
Mercer Human Resource Consulting – Professional Services Rendered	\$1,318.00

Paul T. Hogya, MD – Professional Services Rendered	\$1,390.00
Sheakley Vocational Services, LLC – Professional Services Rendered	\$536.70
Mae Consulting Inc. – Professional Services Rendered	\$22.50
Business Information Solutions Inc. – Storage & Removal of CRS files	\$2,735.52
National Business Furniture – Office furniture	\$598.00
Lee Personnel Inc. – Temporary Personnel Services	\$442.05
Lee Personnel Inc. – Temporary Personnel Services	\$1,555.34
The Kiplinger Letter – Subscription for John Walsh	\$48.00
LeBoxx Café – Luncheon for Investment Committee Meeting	\$119.25
City of Cinti. Printing Services – Charges for July 2007	\$8,385.22
Ohio Public Employees Retirement System – Reciprocity Transfers	\$30,378.99

The Secretary reported that at the close of business July 31, 2007, there was in the Treasury to the credit of the Retirement System, the amount of \$17,097,783.81.

Mr. Gray moved that the Board accept the Secretary's report. The motion was seconded by Mr. Radford and carried by the board.

INVESTMENT COMMITTEE

Mr. Gray reported that the Investment Committee met today immediately before the Board meeting to review a new Investment Policy Statement as well as interview two international small-cap managers.

Mr. Gray reported that the committee approved the new Investment Policy Statement and that the committee will recommend adoption of the new policy at the September Board meeting. Mr. Gray indicated that the retirement staff would forward the new policy to each board member so they will have a chance to review the policy before the September board meeting.

Mr. Gray also reported that the committee interviewed Dimensional Fund Advisers and Rosenberg Capital Management for managing the international small-cap allocation. After the presentations and discussion with the investment consultant, the committee agreed to recommend to the Board the hiring of Dimensional Fund Advisers to manage a \$55 million international small-cap portfolio. Mr. Gray also reported that the committee had agreed at their July meeting to recommend a commitment of \$27 million to the emerging market fund managed by current CRS manager Mondrian Investment Partners.

Mr. Gray then introduced a motion that the CRS Board hire Dimensional Fund Advisers to manage a \$55 million international small-cap portfolio. Mr. Rachford seconded the motion, and the motion passed unanimously.

Mr. Radford submitted a motion that the CRS Board invest \$27 million in Mondrian Investment Partner's emerging market fund. Mr. Gray seconded the motion, and the motion passed unanimously.

ELECTION COMMITTEE

Mr. Beets reported that the official count of the election held June 15, 2007, for employee trustee was as follows:

Brian Pickering	715
Donna McKinney	423
Doug Smith	244
Jim Karle	115
Write-in's	8
Invalid	9

Mr. Beets reported that the total ballot count was 1,514. He also reported that since Mr. Pickering is the incumbent, there was no need to hold a special meeting within 10 days after the election to swear him in. Mr. Beets moved that the Board accept the report of the Elections Committee. The motion was seconded by Mr. Radford and carried by the Board.

Mr. Rager stated that a draft of the election rules is still pending in the Law Dept. Mr. Beets stated that another item, Article 15 is also pending in the Law Dept.

NEW BUSINESS

Mr. Rager reported that Council approved the early retirement incentive plan (ERIP) for employees and requested staff to give the status of the ERIP to the Board. Mr. Walsh reported that there have been 155 declarations submitted for the early retirement incentive, in which 70 are elected to retire in September 2007. Mr. Radford asked when the Board can expect to get the total costs. Mr. Walsh reported that many of the eligible members will retire at the end of the year, so the figures will not be available until after January 2008. Mr. Rager stated that employees must declare their intent to retire by August 31, 2007. Mr. Walsh stated that employees can take the option of retiring in September, October, November or December 2007.

Mr. Radford asked how the costs will be allocated in the line item. Mr. Giles reported that the CRS can track individuals who participate in the ERIP in Pension Gold as part of our administrative system. Mr. Radford stated that the Board should set the policy on how the city will regulate the costs of the plan. Mr. Rager responded that the city is tracking the costs and/or savings, and that the city may have other options to be set as a separate expense. Mr. Radford stated that over the next few meetings the Board should have a policy in place as to how the Board plans to have this reflected in the pension fund.

Mr. Pickering stated that Mr. Beets' motion on the costs of the ERIP plan, should be clearly written and sent out to the Board members. The Vice-Chairman requested staff to amend and forward the corrected motion to Board members before the next meeting.

Mr. Beets stated that roll call votes should be taken whenever there is a vote to reflect who voted on which item and that the roll call vote should be part of the minutes. The Vice-Chairman inquired if there were any objections to Mr Beets' request, (there were none). Mr. Rager indicated that at this point, this policy is in effect and is an acceptable rule for the minutes.

Mr. Beets inquired about the City Manager's memo regarding the 80/20 plan which will be in effect January 1, 2008 for the retired members. He questioned when the premiums would be deducted and/or if the deduction would be deducted prior to January 2008. Mr. Giles stated that staff will follow up the Risk Management office and the Benefits Committee to coordinate a timeframe by the September Board meeting.

Mr. Rager allowed retired members in the audience the opportunity to voice their concerns regarding the changes to the 80/20 healthcare plan. The retirees who spoke in opposition of the plan changes were: Mr. John Watkins, Mr. Oliver Baker, Mr. Edward Weimer, Ms. Sue Baum, Ms. Linda Peters, Mr. Raymond Fairbanks, Ms. Sharon Koehler, Mr. Robert Danemayer and Mr. Rick Sage.

Mr. Rachford stated that the Ordinance that was passed by Council in 1971 was set in place to protect the spouses of retirees. He also stated that the city is self insured and that there should be certain amount in escrow to cover the premiums. Mr. Gray commented that the escrow funds are a combination of contributions and employee premiums, and excess funds in the account are used to offset fluctuations in future health liabilities.

ADJOURNMENT

Mr. Rager moved for a motion to adjourn. The motion was made by Mr. Gray, seconded by Mr. Radford and carried by the board. The meeting was adjourned at 3:12 p.m.